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North Flagler Drive: What's in, what's out for new condo projects



Alexandra Clough

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Is a Ritz-Carlton condominium still coming to West Palm Beach?

The future is looking less clear for the talked-about luxury residence in this low-rise, waterfront section of the city, even though plans continue for other upscale condos amid an increasingly uncertain economy.

A zoning change is needed to build a high-rise Ritz tower at 1717 N. Flagler Drive on the Intracoastal Waterway, but that change isn't happening anytime soon, said Rick Greene, development services director for the city of West Palm Beach.

That means condo developer Related Group of Miami, which wanted to build the Ritz-Carlton Residences, won't be able to move forward with plans to construct a 300-foot tower at its Flagler Drive properties, which now contain an apartment building and a shopping center.

The Ritz Residences, first reported by The Palm Beach Post in April, was set to feature 140 units in a tower rising 25 to 27 stories in a property managed to the specifications of the Ritz's luxury hotels. This would include pool attendants, valet staffers and the brand's legendary service that includes employees knowing residents by name.

The site is presently zoned for roughly 40 feet in height, but Related is pushing to have the property included in a new city district that would allow tall towers of more than 300 feet, or at least 25 stories. The company was hoping to move fast: It bought the land last year for \$13.9 million, county records show.

Greene said plans for any zoning changes are on hold as city officials wait to see what will be built in the Currie Mixed Use District near Currie Park. The district was fashioned last year to encourage development around Currie Park and the waterfront north of the downtown.

Related Group officials did not respond to a request for comment.

Temple Israel site in West Palm Beach locked down by rival builder

It's not clear if other sites are being scouted for a Ritz condo in West Palm Beach. But one key parcel has drawn suitors. Several real estate developers recently vied for the chance to buy the Intracoastal-view property at 1901 N. Flagler Drive, where Temple Israel sits.

Temple Israel is the oldest Jewish organization in Palm Beach County and is the only Reform synagogue in West Palm Beach.

In October, the temple membership quietly voted to proceed with the property's sale to The Related Cos. of New York for development of their property into a residential condominium.

New zoning rules now would allow a 202-foot high-rise to be built on the site.

Related Cos., which isn't affiliated with Related Group of Miami, built The Square, the Hilton West Palm Beach Hotel and two downtown office towers. The company also is building or planning four more office towers in downtown West Palm.

For the past several months, Temple Israel has weighed the sale of its 1.5-acre property. The congregation wants to build a larger religious school facility, according to members.

In July, Martin List, a real estate broker and the temple's president, acknowledged he had met with different developers interested in the synagogue's land.

But real estate sources said Related Cos. earned the respect of members with its promise to build a residential condominium in a way that would allow construction of both a new religious school and a sanctuary, too.

List could not be reached for comment to discuss the Related Cos. deal.

Related Cos., a mixed-use developer, is led by Miami Dolphins billionaire owner Stephen Ross. Ross, who once was partners with Jorge Perez, the chairman of Miami's Related Group, which wants to build the Ritz.

But the companies split several years ago, and now they operate separately.

In Palm Beach County and throughout South Florida, they even compete for deals.

Ken Himmel, a top Related Cos. executive, recently said his company "might have been looking" at a West Palm Beach property that Related Group also wanted.

"It's a friendly competition, at this point," Himmel said.

Significantly, Himmel didn't deny the company's interest in the temple property, either. "It's a very attractive site. Let's put it that way," Himmel said.

Olara condo in Currie Park aims for early 2023 sales

Related Cos.' interest in North Flagler Drive gives added credibility to a project planned a block north, real estate brokers said.

Olara Residences by Savanna Fund of New York is a massive residential complex featuring more than 400 residences in two towers at 1919 N. Flagler Drive.

Olara is on track to receive its final city approvals this year. Sales are expected to start in early 2023 for the 275 condominium units in the project's 26-story east tower.

In 2021, entities linked to Savanna Fund began buying up numerous parcels along this stretch of Flagler Drive between Butler and Pine streets, according to Palm Beach County property records.

Plans submitted to the city show Olara would consist of two towers soaring past 300 feet. The east tower will feature for-sale condominiums, while the west tower will have rental apartments.

On the ground floor, retail is planned, including a café along Butler Street and a restaurant along North Flagler. A private marina also is planned.

If built, Olara would be the first project created out of the new Currie Mixed Use District.

Outlook for new condos could be mixed

But rising interest rates, a volatile stock market and continued inflation still are affecting the residential sales market, said Burt Minkoff, a West Palm Beach real estate agent with Douglas Elliman.

And other increased carrying costs, such as insurance and taxes, remain a hurdle for buyers, especially those contemplating purchasing existing single-family houses or condos needing updating or repair, he added.

The return of seasonal residents from summer vacations, however, has Minkoff and other real estate agents expecting the coming winter sales season to be strong.

In addition, the continued migration of people to Palm Beach County from the Northeast will help offset the harsher sales climate, especially in projects where buyers can move in immediately, he said.

"Most people want new," Minkoff said.

Peter Zalewski, principal with the consultancy Condo Vultures in downtown Miami, expressed greater caution. He warned interest rate hikes by the Federal Reserve will continue to create uncertainty that could last into the middle of next year.

"Developers want to go, and buyers say they want to go, but ultimately the cost of money could be an impediment that doesn't allow anything to go forward," possibly until next summer, Zalewski said.

The exception, Zalewski added, will be developers who can self-finance their projects, a rarity in the marketplace.